

## NEW JERSEY UNDER 50 MED SUPP PROGRAM BOARD

### MEETING MINUTES – SEPTEMBER 24, 1998

Present:

Debi Breslin	-	CHIME
Leslie Deloughy	-	Horizon Blue Cross/Blue Shield of NJ
Bob Hoffman	-	Public Member
Bob King	-	Department of Banking & Insurance
Mike Malloy	-	Department of Banking & Insurance
Christina Palme-Krizek	-	United HealthCare
Victor Shulman	-	Public Member
Rebecca Smart	-	Mutual of Omaha
Bob Vehec	-	Department of Banking & Insurance

The New Jersey Medigap Under 50 Plan Board meeting convened at the offices of the Department of Banking & Insurance at 10:00 a.m. (EDT).

1) Minutes

The Minutes of the August 10, 1998 Board meeting were reviewed and approved.

2) Coverage Issues

Rebecca reported that a letter from the Board had gone to the Commissioner on August 18, 1998 in accordance with the Board's discussion at the August 10 meeting requesting additional Plan of Operation addenda. This addenda was approved on September 10, 1998 by the Commissioner. A copy of the letter of August 18, 1998 and Commissioner's approval are attached to these minutes.

There was discussion regarding whether with these Plan changes, the contracting carrier should have authority for any additional case by case issues that arose. It was the consensus of the Board that it was not appropriate for there to be case by case determinations, that there needed to be consistency and uniformity in the administering of the Program.

3) Contracting Arrangements

Christina reported that she had received a letter agreement from Arthur Andersen to modify their proposal and charge a total of \$48,000 for a two-year financial audit of the contracting carrier financial activity. Thus the first audit of the Program would take place in 1999 and would include financial activity from the inception of the Program up to year-end 1998. The Board requested Christina to proceed to enter into a formal contract with Arthur Andersen on these terms.

Rebecca distributed a copy of the proposed agreement with United HealthCare for assessment administration services. The Board reviewed the terms of this contract. The proposed contract calls for a service fee at a rate of \$25.00 per hour for services in 1998 to include putting the marketing report mailing data manually into the United HealthCare database and doing a separate mailing of carriers who did not file market share reports. Additionally, there will be a one-time set-up fee of \$4,000 and an administrative fee of \$7,000 plus out of pocket expenses. For 1999, the proposed expenses are an administrative fee of \$7,000, plus out of pocket expenses. Upon review of the contract and fee arrangements, the Board instructed Rebecca to proceed to enter into the agreement with the United HealthCare administrators.

Rebecca then reviewed a list of the activities needing to take place in order to finalize the market share reports and assessment processing activity.

4) *Assessment Determination*

Horizon Blue Cross/Blue Shield indicated they would not be pursuing the interest issue raised during the last Board meeting.

Horizon Blue Cross/Blue Shield presented to the Board a paid claims expense report which was actual through August of 1998 with projections through year-end 1998. Based upon this report, the projection for losses for 1998 is anticipated to be approximately \$224,978. 1999 projections were also presented with a total 1999 year-end projection of net losses of \$262,165. The 1999 projection did include a projected rate increase in approximately April of 1999.

With these projections and with the Program expenses as identified for the auditing and assessment administration services along with the 1996 and 1997 program losses and expenses of \$115,383.15, the Board calculated an assessment totaling \$284, 526.15. A copy of the assessment calculation is attached.

It was agreed that Rebecca would submit the assessment calculation along with the market share calculations by carrier to the Commissioner once all of the market share information had been finalized. In order to finalize market shares it will be necessary for additional contacts to be made with carriers who have not responded. To accomplish this, those carriers will need to be identified and then sent a letter. It was agreed that it would be appropriate for that letter to go over the signature of the Commissioner of Banking and Insurance. Rebecca will draft a letter and work with Bob Vehec to obtain Commissioner approval.

It was agreed that the next meeting would be called upon completion of the market share calculations in order to review all materials one last time prior to submitting them to the Commissioner.

There being no additional business, the meeting was adjourned.

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*Approved at 3/25/99 Board Meeting*